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## U.S. Supreme Court Upholds Clear and Convincing Evidence Standard for Patent Invalidity

by Ted J. Barthel and Alisha K. Bull

On June 9, 2011, the U.S. Supreme Court issued a unanimous 8-0 decision (Chief Justice Roberts took no part) in *Microsoft Corp. v. i4i Limited Partnership*, No. 10-290 (hereafter *Microsoft* decision), holding that invalidity of a patent still must be proven by clear and convincing evidence.

Under § 282 of the Patent Act, “[a] patent shall be presumed valid” and “[t]he burden of establishing invalidity . . . rest[s] on the party asserting such invalidity.” The Federal Circuit has long held that an alleged patent infringer seeking to overcome this presumption of validity must prove the patent is invalid by clear and convincing evidence. The Supreme Court reaffirmed the Federal Circuit’s interpretation of § 282’s requirement that invalidity must be proven by clear and convincing evidence, and not by a lower evidentiary standard.

### Background

In 2007, i4i sued Microsoft alleging willful infringement of U.S. Patent No. 5,787,449. The i4i patent claims an improved method for editing computer documents. Microsoft denied infringement and alleged that i4i’s patent was invalid under 35 U.S.C. § 102(b) due to an on-sale bar. Microsoft contended that i4i sold its S4 software more than one year before the filing of the patent application which matured into the ‘449 patent. According to Microsoft, the S4 software included the subject matter of the ‘449 patent.

i4i did not submit information regarding the

S4 software to the U.S. Patent and Trademark Office (USPTO) during patent prosecution. Consequently, Microsoft objected to i4i’s proposed jury instruction requiring Microsoft to prove patent invalidity by clear and convincing evidence. Microsoft argued that (i) the standard of proof for patent invalidity *in general* should be the lower preponderance of the evidence standard, or (ii) when patent invalidity is based on prior art not considered by the USPTO, the evidentiary standard should be less, namely the preponderance of the evidence standard.

### Decision

Justice Sotomayor issued the opinion of the Court and ruled that the proper evidentiary standard for proving patent invalidity is the clear and convincing standard. Justice Sotomayor rejected Microsoft’s first argument that the evidentiary standard for invalidity should be lowered, and also rejected Microsoft’s second argument that the evidentiary standard should be lowered when the invalidity defense is based on prior art not considered by the USPTO.

The first paragraph of § 282 states “[a] patent shall be presumed valid,” but does not expressly state the evidentiary standard for invalidity. The Supreme Court relied upon the common law meaning of “presumption of validity” and its own case precedent in *Radio Corporation of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1 (1934), to reaffirm the clear and convincing standard for

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patent invalidity. In rejecting Microsoft's assertion that the evidentiary standard should be lowered, the Supreme Court emphasized that the common law presumption of validity reflected the understanding that a preponderance standard of proof was too dubious a basis to deem a patent invalid. In rejecting Microsoft's second argument, the Supreme Court again looked to the case law to conclude that historically the courts have never adopted a fluctuating standard of proof depending on whether the cited art had been considered by the USPTO during prosecution. The Supreme Court noted, however, that the challenger's burden to persuade the jury of its invalidity defense by clear and convincing evidence may be easier to sustain in a situation where the USPTO did not have all the material facts before it.

### Comment

The Supreme Court *Microsoft* decision maintains the status quo and is hailed as a victory for patent holders.

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